

Message Text

SECRET

PAGE 01 TEHRAN 05031 301117Z

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ACTION NODS-00

INFO OCT-01 ISO-00 /001 W

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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC NIACT IMMEDIATE 1728

S E C R E T TEHRAN 5031

NODIS

DEPT PLEASE PASS SECRETARY FROM AMBASSADOR; ALSO PASS AMEMBASSY
CAIRO AND JIDDA

E.O. 11652: GDS

TAGS: EGEN, EFIN, EG, IR

SUBJ: US/SAUDI/IRANIAN AID TO EGYPT

REF: A. SECTO 2049 B. STATE 125243

1. PER INSTRUCTIONS REF A I CONVEYED SUBSTANCE OF REF B TO HUSHANG
ANSARY MONRING MAY 30. AFTER CONSULTING WITH THE SHAH ANSARY
WAS BACK TO ME WITH THE FOLLOWING COMMENTS.

(A) GOI WISH TO KNOW WHETHER US CONTRIBUTION TO EGYPTIAN AID
PACKAGE WOULD BE A TIED LOAN, I.E., US PROVIDED FUNDS TO BE USED
ONLY FOR ONSHORE US PURCHASES. IF THIS IS THE CASE IRAN WOULD ALSO
WANT TO FOLLOW THE SAME PATTERN LINKING ITS ASSISTANCE TO PURCHASES
FROM IRAN IN CALENDAR 1975. IF US ASSISTANCE IS NOT TIED GOI WOULD
LIKE TO KNOW WHETHER THERE ANY OTHER TERMS OR CONDITIONS WHICH
WILL BE APPLIED OTHER THAN THOSE DESCRIBED REF B.

(B) ANSARY NOTED THAT NOT ALL OF \$ONE BILLION IRANIAN CREDIT TO
EGYPT IS FOR PROJECTS. AS MATTER OF FACT HE SAID IRAN DID MAKE
120 MILLION DOLLARS OF THIS ASSISTANCE AVAILABLE TO EGYPT TO
ENABLE IT TO SELL ITS COTTON. (COMMENT: ANSARY DID NOT GIVE US
DETAILS BUT PRESUMABLY THIS ASSISTANCE INTENDED TO ENABLE EGYPT
TO SUBSIDIZE EITHER LOCAL OR EXPORT COTTON SALES PRICES.) HE SAID
THAT 100 MILLION DOLLARS HAD ALSO BEEN PROVIDED EGYPT ENABLING IT
TO PURCHASE BUSES FROM IRAN AND THAT 45 MILLION DOLLARS OF THIS
CREDIT HAD ALREADY BEEN DRAWN DOWN.

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KC) IN VIEW OF FOREGOING AND BECAUSE OIL REVENUES THIS YEAR WILL

BE LESS THAN HAD BEEN ANTICIPATED IRAN CAN ONLY INCREASE ITS COMMITMENT TO AN EMERGENCY AID PACKAGE BY 50 MILLION DOLLARS FOR A TOTAL OF 150 MILLION DOLLARS. FURTHER, IT IS WILLING TO DO THIS ONLY ON THE CONDITION THAT EGYPT AGREES THAT IRAN'S EARLIER ONE BILLION DOLLARS COMMITMENT WILL BE REDUCED BY 50 MILLION DOLLARS.

2. COMMENT: I BELIEVE WE HAVE DONE WELL UNDER THE CIRCUMSTANCES AND THAT IT WOULD NOT BE WISE AND POSSIBLY EVEN COUNTER-PRODUCTIVE IF WE WERE TO PUSH THE IRANIANS FURTHER ON THIS. YOU WILL RECALL THAT INITIALLY IN YOUR MAY 17 CONVERSATION WITH THE SHAH HE WAS RELUCTANT TO MAKE ANY FIRM COMMITMENT. LATER HE AGREED TO 100 MILLION DOLLARS (TEHRAN 4982). WE NOW HAVE HIM UP TO 150 MILLION DOLLARS AND WE CERTAINLY OUGHT TO RECOGNIZE HIS EARLIER ONE BILLION DOLLAR COMMITMENT NOT ALL OF WHICH IS TIED TO PROJECTS AND SOME OF WHICH HAS ALREADY BEEN DRAWN DOWN AS BEING FORTHCOMING.

3. JIDDA 3821 JUST RECEIVED. PRESUMABLY FOREGOING WILL BE TAKEN INTO ACCOUNT IN INSTRUCTIONS TO AMB AIKENS RE NEXT STEPS TO BE TAKEN WITH SAUDIS.
HELMS

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NNN

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